

Message Text

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SUBJ: US INDUSURIAL TASK GROUP

1. NATIONAL CONTRACTORS ASSOCIATION TASK GROUP
VISITED CAIRO 2-5 AUGUST. GROUP INCLUDED TOP MANAGE-
MENT PERSONNEL FROM WINUMBER OF NCA COMPANIES INTERESTED
IN OR ALREADY PURSUING PROJECTS IN EGYPT. GOE AGENCY
FOR ARAB AND INTERNATIONAL ECONOMIC COOPERATION UNDER
DIRECTION TAHER AMIN ASSISTED EMBASSY AND USDOC REP
CRAIG ATKINS IN ARRANGING THREE DAYS OF HIGH-LEVEL
MEETINGS WHICH INCLUDED SESSIONS WITH MINISTERS OF
PETROLEUM, FOREIGN TRADE, CHAIRMAN EGPC LEITHY,
MIN OF RECONSTRUCTION TRADE, ISMAIL OSMAN (MINISTERHSIM-
SELF WAS WITH KING FAISAL AT THE CANAL) AND A NUMBER
OF IMPORTANT EGYPTIAN GOVERNMENT AND PRIVATE
INDIVIDUALS. (COPY OF SCHEDULE AND RELATED PAPEG
BEING SENT BY POUCH). DELEGATES GAVE REPRESENTATIONAL
DINNER AUGUST 4 AT SHERATON WHICH HAD EXCELLENT
ATTENDANCE INCLUDING MINISTER OF PETROLEUM AND EGPC
CHAIRMAN.

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2. GOE SPOKESMAN EMPHASIZED TO TEAM THEIR DESIRE TO ATTRACT AMERICAN BUSINESS PARTICIPATION IN DEVELOPMENT PROJECTS. SURPRISINGLY, MINISTERS WHO TCLKED TO GROUP EMPHASIZED EGYPT'S NEED FOR AMERICAN TECHNOLOGY AND DOWNPLAYED THE NEED FOR CAPTIAL TO CARRY OUT THE VARIOUS DEVELOPMENT PROJECTS.

3. NCA GROUP EXPLAINED THEIR CONCERNS. FIRST, THE AMERICAN COMPANIES REPRESENTED WERE NOT INTERESTED IN EQUITY PARTICIPATION; THEY ARE CONTRACTING ENGINEERS WHO CARRY OUT PROJECTS FOR FEES. SECONDLY, IN THE CURRENT MARKET SITUATION THEY CANNOT OPERATE ON A FIXED FEE BIDDING BASIS DUE TO THE RISING COSTS OF MATERIALS AND EQUIPMENT. FINALLY, THE GROUP ASKED THAT BIDDING ON PROJECTS, ESPECIALLY LARGE ONES, BE LIMITED TO A SMALL NUMBER OF QUALIFIED

BIDDERS. THEY EXPLAINED THE HIGH COSTS OF MAKING PROPER PROPOSALS AND POINTED OUT THAT IF THERE ARE 14-15 COMPANIES IN THE RUNNING, IT JUST INSNT WORTH THE RISK TO DO UP A PROPOSAL BECAUSE THE CHANCES OF GETTING THE CONTRACT ARE SO SMALL.

4. FROM EMBASSY STANDPOINT VISIT PROVIDED VISIBLE FOLLOW-ON TO NIXON/SADAT COMMUNIQUE SHOWING MOVEMENT TOWARD CLOSER COOPERATION WITH EGYPT IN THE FIELY OF TRADE, PRIVATE INVESTMENT AND DEVELOPMENT PLANS. AS A RESULT OF THE MEETINGS IT WAS AGREED THAT ALERTS REGARDING OPPORTUNITIES FOR AMERICAN BUSINESS TO PARTICIPATE IN PROJECTS IN EGYPT WOULD BE PASSED TO THE EMBASSY BY THE AGENCY FOR ARAB AND INTERNATIONAL ECONOMIC COOPERATION FOR DISTRIBUTION TO APPROPRIATE GROUPS SUCH AS THE NAC. TO OUR KNOWLEDGE, THERE WERE NO CONTRACTS SIGNED DURING THE VISIT. THE UNIONCARBIDE/LUMMUNS/SCHROIDER COMBLKATION PROJECT WHICH IS PREPARED TO BID ON A LONG RANGE PETROCHEMICAL PLANT OBTAINED SOME USEFUL EXPOSURE, A UNION CARBIDE GROUP IS DUE HERE IN MID-AUGUST TO FURTHER INVESTIGATE THE PROJECT. PARSONS CHIEF GEILOGIST JIM POLLUCK REVIEWED THE EGYPTIAN GEOLOGICAL UNCLASSIFIED

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SURVEY DATA ON THE ABU TARTA PHOSPHATE AND SAID HE WOULD PASS HIS OBSERVATIONS ON TH HIS INTERNATIONAL DIVISION; HE WAS NOT ENTHUSIASTIC. IN ADDITION, SPECIFIC INTEREST WAS SHOWN IN A AHEET AND PLATE GLASS FACTORY, A CHEMICAL AND FERTILIZER COMPLEX AT SUEZMIITY AND A GRASS ROOTS REFINERY AT THE FUTURE MEDITERRANEAN TERMINAL OF THE SUMEND PIPELINE.

5. WE ALSO DISCUSSED WITH INDUSTRY REPRESENTATIVES PRIVATE ASPECTS OF THE JOINT ECONOMIC COMMISSIONS AS MENTIONED IN THE PRESIDENT'S COMMUNIQUE AND SUGGESTED THAT NAC WOULD CERTAINLY BE A LOGICAL CHOICE TO PARTICIPATE IN ANY OPERATIONS OF THAT COMMISSION. THE NAC EXECUTIVES PROMISED TO FOLLOW-UP ON THIS POINT WHEN THEY RETURNED TO THE US.

6. THE PROGRAM OF THE TASK GROUP ONCE AGAIN REINFORCED THE IMPRESSION THE EMBASSY HAS GAINED THAT 18-20 PERSONS ARE ABOUT LIMIT THE EGYPTIANS CAN HANDLE ON VISITS SUCH AS THIS, PARTICULARLY IF THE GROUP IS TO BE GIVEN ANY SEMBLANCE OF HIGH LEVEL TREATMENT. EGYPTIAN OFFICIALS OFFICE SPACE, TRANSPORTATION FACILITIES AND HOUSING ALL DICTATE THAT GROUPS NOT BE TOO LARGE.
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